

To the Members of the California State Assembly:

I am returning Assembly Bill 2006 without my signature.

Developing a reliable cost effective energy supply for California is a top priority of my administration. To ensure investment and to develop electricity generation, California must provide for long-term resource adequacy, consistent with the State Energy Action Plan, in a manner that creates stability and predictability in wholesale markets. A transparent, competitive procurement process is essential to obtain the best possible deal for California ratepayers.

The California Public Utilities Commission (PUC) has acted on my request to accelerate resource adequacy requirements. I remain committed to meeting our future energy needs through a combination of energy efficiency, demand response, renewable energy and traditional generating resources.

This bill creates a redundant and burdensome energy procurement process that would steer the state back towards monopoly utilities without some of the consumer protections necessary to protect ratepayers. These provisions direct ratepayers to assume all the risk associated with electricity generation including cost overruns while ensuring utility profits.

Many of the provisions in this bill are unnecessary and duplicate existing statute or policy decisions that can be found in AB 57, PUC decisions, and Energy Commission proceedings. However, AB 2006 adds layers of mandates and process that favor monopoly utilities and will significantly delay ongoing proceedings at the commission, resulting in considerable delay in power plant construction.

I commend the author for including sections that address transmission siting and permit streamlining, along with an attempt to direct the PUC to report back on their progress to improve rate design.

Ensuring sufficient supplies of reliable, competitively priced electricity remains the cornerstone of my energy policy. I look forward to working with the legislature to continue to bring clarity and consistency to California's energy policy in the coming months.

For these reasons I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger